

**STATE BOARD MEETING DATE** October 28, 2013

**SUBJECT:** Presentation, discussion and consideration to close the rulemaking record and adopt proposed rule R7-2-1002, regarding school district procurement.

**SUBMITTED BY:** Vince Yanez, Executive Director

**MANAGEMENT TEAM REVIEW:** \_\_\_\_\_

**BACKGROUND INFORMATION:**

A.R.S. § 15-213(A) requires the State Board of Education to adopt rules governing the procurement practices for school districts and charter schools. In part, the Board rules are required to specify the total cost of a procurement that is subject to invitations for bids, and must conform to the limits for procurements prescribed in A.R.S. § 41-2535. In 2013, the legislature amended A.R.S. § 41-2535, now mandating that the total cost of a procurement that is not subject to invitations for bids shall not exceed \$100,000.

Pursuant to the Board's rulemaking procedures, a public hearing on these proposed rules changes will be held on October 15, 2013.

As required by law, this rule was submitted to the Auditor General for review and approval, and attached is the Auditor General's letter of approval.

**BOARD ACTION REQUESTED:** ☐ INFORMATION ☒ ACTION/DESCRIBED  
**BELOW:**

That the Board close the rulemaking record and adopt proposed rule R7-2-1002, regarding school district procurement.

**ATTACHMENTS:** YES ☒ NO ☐

**ARTICLE 10. SCHOOL DISTRICT PROCUREMENT  
IN GENERAL**

**R7-2-1002. Applicability**

- A. This Article applies to every expenditure of public monies, including federal assistance monies, by a school district as specified in A.R.S. § 15-213(A) for the procurement of all construction, materials and services when the total procurement cost exceeds ~~\$50,000~~ \$100,000. If procurement involves the expenditure of federal assistance or contract monies, the school district shall comply with federal law and authorized regulations which are mandatorily applicable and which are not presently reflected in this Article. This Article does not apply to agreements pursuant to A.R.S. § 15-789 or grants or contracts between governing boards, except as provided in Sections R7-2-1191 through R7-2-1195. This Article also applies to the disposal of school district materials regardless of value. Nothing in this Article shall prevent any governing board from complying with the terms and conditions of any grant, gift, bequest or cooperative agreement. Procurements for amounts not exceeding ~~\$50,000~~ \$100,000 shall comply with guidelines prescribed by the Auditor General in the Uniform System of Financial Records pursuant to A.R.S. § 15-271(C).
- B. The provisions of this Article are not applicable to contracts for professional witnesses if the purpose of such contracts is to provide for professional services or testimony relating to an existing or probable judicial or administrative proceeding in which the school district is or may become a party.
- C. Agreements negotiated by legal counsel representing the school district in settlement of litigation or threatened litigation are exempt from the provisions of this Article.
- D. Unless displaced by the particular provisions of this Article, the principles of law and equity, including the Uniform Commercial Code of this state, the common law of contracts as applied in this state and law relative to agency, fraud, misrepresentation, duress, coercion, and mistake supplement the provisions of this Article.
- E. Expenditures from student activity monies as defined in A.R.S. § 15-1121, if no district funds are involved, are exempt from this Article.



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

October 16, 2013

Mr. Thomas Tyree, President  
Arizona State Board of Education  
1535 W. Jefferson St., Bin 11  
Phoenix, AZ 85007

Dear Mr. Tyree:


Arizona Revised Statutes §15-213(A) requires the Arizona State Board of Education to adopt procurement rules for school districts. This statute also requires my Office to review and approve these rules.

We have reviewed and approved the Arizona State Board of Education's proposed change to *Arizona Administrative Code* (AAC) R7-2-1002, which would increase the competitive purchasing threshold to \$100,000.

Unless there is any further change to AAC R7-2-1002 prior to rule adoption, this concludes our review.

If you have questions concerning this matter, please call Michael Stelpstra, Accounting Services Manager, or Laura Miller, Accounting Services Director, at (602) 553-0333.

Sincerely,

  
Debbie Davenport  
Auditor General

cc: The Honorable John Huppenthal, Superintendent of Public Instruction  
Mr. Vince Yanez, Executive Director  
Arizona State Board of Education  
Ms. Stacey Morley, Executive Director of Policy Development and Government Relations  
Arizona Department of Education